

LUCX, INC.

9551
RECORDATION NO. Filed & Recorded

JUL 14 1978 10 25 AM

LUCILLE J. BOSTON, PRESIDENT
(213) 821-3600

FLOYD CHARTRAND, TRAFFIC MANAGER
(213) 663-2147

RAILROAD TANK CAR MANAGEMENT 1954040 COMMERCE COMMISSION

Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

CRAWFORD B. LAWTON

(Legal Owner)

Dated 4/26/78 Recording
pursuant to provisions of Sec. 20C
of Interstate Commerce Act

GOLDEN STATE SANWA BANK

(Mortgage Holder)

Dear Mr. Oswald:

Enclosed for recording, pursuant to the provisions of Sec. 20C of the Interstate Commerce Act, are three (3) copies of an Invoice to CRAWFORD B. LAWTON, dated 4/26/78, together with a check in the sum of \$ 50.00 in payment of the recording fee.

In connection with the recording of this Invoice, there may also be attached a Security Agreement pursuant to those instances where the equipment has been financed by a bank. In connection with the recording of this Invoice and/or Security Agreement dated 6/8/78, the following information is set forth in accordance with the provisions of Sec. 57.4 of the Commission's Order of July 28, 1952, as amended:

Name and Address of Mortgagor/
Registered Owner:

CRAWFORD B. LAWTON

2159 Caliente Road

Palm Springs, CA 92262

Name and Address of Mortgagee/
Legal Owner:

GOLDEN STATE SANWA BANK

626 Wilshire Boulevard

Los Angeles, CA 90017

General description of equipment covered by lease arrangement:

One (1) 21,000 Gallon Capacity, Class DOT 111A100W-1
100 Ton Roller Bearing, Interior coiled tankcar marked LUCX
and numbered 4020

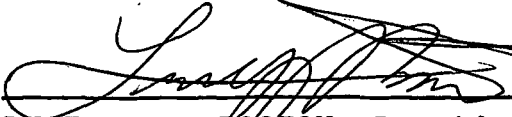
Equipment managed and operated by LUCX, INC., Marina City Club, 4314 Marina City Drive, Suite #130, Marina del Rey, California 90291. When recording has been completed, please return two (2) copies of the Invoice with recording date endorsed thereon to LUCX, INC., Marina City Club, 4314 Marina City Drive, Suite #130, Marina del Rey, California 90291.

LUCX, INC.

FEE OPERATION BR.
I.C.C.

JUL 14 9 40 AM '78

RECEIVED


LUCILLE J. BOSTON, President.

REPORTING MARKS

LUCX

MARINA CITY CLUB
4314 MARINA CITY DRIVE
SUITE 130 CENTER TOWER SOUTH
MARINA DEL REY, CALIFORNIA 90291

SECURITY AGREEMENT
(BANK NOT TO BE IN POSSESSION)

~~GOODS~~ Consumer Goods, Equipment, Farm Products and Timber under Contract to be Cut and Removed.

In consideration of the covenants and agreements contained herein, and financial accommodations given, to be given or continued, the undersigned Borrower hereby, pursuant to the California Uniform Commercial Code, grants to the Secured Party (Bank) a security interest in all of the Collateral described in paragraph 3 herein. The security interest created by this Agreement attaches immediately upon execution hereof or as soon as Borrower acquires rights to the Collateral and secures payment of any and all of Borrower's Indebtedness (including all debts, obligations, or liabilities now or hereafter existing, absolute or contingent, and future advances) to Bank.

RECORDATION NO. 9551 Filed & Recorded

1. BORROWER(S) Crawford B. Lawton JUL 14 1978 10 55 AM 235-18-2203
a. Name _____ Social Security or Employer Number _____
b. INTERSTATE COMMERCE COMMISSION
Trade Name (if any) _____
c. 610 Northhampton Rd., Seneca, South Carolina 29678
Mailing Address _____ City _____ State _____ Zip _____
d. _____
Chief Place of Business _____ City _____ State _____ Zip _____
e. _____
Residence (individuals) _____ City _____ State _____ Zip _____

2. SECURED PARTY—Name and Mailing Address (Transit and A.B.A. No.)
Golden State Sanwa Bank, 626 Wilshire Blvd., Los Angeles, Ca. 90017 16-3281

3. COLLATERAL DESCRIPTION (AND LOCATION):

One (1) 21,000 gallon rail tankcar featuring: top and bottom unloading, interior steam heating coils, heavy duty trucks, roller bearing assembly, & A.A.R. approved pressure safety equipment. Identification number : LUCX-4007

4. PURCHASE MONEY SECURITY INTEREST:

XX If indicated by Borrower's initials, Bank is giving value to enable Borrower to acquire rights in, or the use of, Collateral.

5. INCORPORATION OF PROVISIONS ON REVERSE: All provisions on the reverse side are incorporated herein as if set forth fully at this point.

Dated June 8, 1978

By Crawford B. Lawton

Title _____

SIGNATURE OF BORROWER(S)

SECURITY AGREEMENT

(BANK NOT TO BE IN POSSESSION)

I. WARRANTIES AND REPRESENTATIONS. Borrower warrants and represents that:

1. Borrower's Title—Except as specified herein, Borrower has, or upon acquisition will have, title to all Collateral and no other person, entity, agency, or government has or purports to have, or upon acquisition will have, any right, title, lien, encumbrance, adverse claim, or interest in any Collateral.
2. Borrower's Authority—Borrower has authority to enter into the Agreement and any person signing it on Borrower's behalf has been duly authorized to execute the Agreement for Borrower.
3. Information—Any and all information now or hereafter supplied to Bank by Borrower, or at Borrower's request or instruction is correct.

II. COVENANTS AND AGREEMENTS: Borrower covenants and agrees that:

1. Payment—Borrower will pay any of Borrower's Indebtedness to Bank promptly when due and Borrower will repay immediately and without demand, all expenses (including reasonable attorneys' fees, legal expenses and costs) incurred by Bank under the Agreement with interest at the legal rate from the date of expenditure.
2. Financial Condition—Borrower will not commence nor permit to continue any proceeding in bankruptcy, receivership, or similar proceedings concerned with involuntary liquidation, reorganization or dissolution or arrangements with creditors, nor will it commit any act of bankruptcy, nor make an assignment for creditors, or become insolvent.
3. Additional Information—Borrower will, upon Bank's demand, establish the correctness of any information supplied to Bank and will promptly notify Bank of any adverse changes in any information supplied to Bank and of any change in Borrower's residence, chief place of business or mailing address, and of any change of address to which notices should be sent.
4. Additional Documents—Borrower will execute any additional agreements, assignments or documents that may be deemed necessary or advisable by Bank to effectuate the purpose of the Agreement.
5. Location and Identification—Borrower will keep the Collateral separate and identifiable and at the location described herein and will not remove the Collateral from that location without the Bank's written consent.
6. Sale, Lease, or Disposition—Except as specified herein, Borrower will not, without written consent of Bank, sell, encumber or otherwise dispose of or transfer any Collateral or interest therein or permit or suffer any such disposition or transfer until the Indebtedness to Bank has been completely discharged.
7. Maintenance, Repair, Use and Inspection—Borrower will maintain and repair the Collateral; will use the Collateral lawfully and only within Insurance coverage; will not use the Collateral so as to cause or result in any waste, unreasonable deterioration or depreciation; and will permit Bank to enter on Borrower's property and to inspect the Collateral at any reasonable time.
8. Cultivation and Animal Husbandry—If the Collateral is timber, crops or livestock, Borrower will protect and cultivate, or husband the Collateral using methods of cultivation and animal husbandry acceptable to Bank.
9. Insurance—Borrower will insure the Collateral, with Bank as Loss Payee, in form and amounts, with companies, and against risks and liability satisfactory to Bank and hereby assigns the policies to Bank, agrees to deliver them to Bank at Bank's request, and authorizes Bank to make any claim thereunder, to cancel the insurance upon default, and to receive payment of and endorse any instrument in payment of loss or return premium or other refund or return.
10. Decrease in Value of Collateral—Borrower will, if in the Bank's judgment the Collateral has materially decreased in value, either provide enough additional collateral to satisfy the Bank or reduce the total indebtedness by an amount sufficient to satisfy the Bank.
11. Taxes-Assessments-Charges-Liens-Encumbrances—Borrower will pay when due all taxes, assessments, charges, liens or encumbrances now or hereafter affecting the Collateral, and, if the Collateral is on or attached to realty owned by Borrower, the realty on which the Collateral is located.
12. Defense of Title—Borrower at its own cost and expense will appear in and defend any action or proceeding which may affect the Bank's security interest in or Borrower's title to any Collateral.
13. Appointment of Bank as Attorney in Fact; Reimbursement—Borrower will and hereby does appoint Bank as Borrower's Attorney in Fact to do any act which Borrower is obligated by the Agreement to do, to exercise such rights as Borrower might exercise, to use such equipment as Borrower might use, and to collect such proceeds as Borrower might collect, all to protect and preserve Bank's rights hereunder and the Collateral. Borrower will immediately reimburse Bank for any expenses Bank may incur while acting as Borrower's Attorney in Fact.
14. Endorser-Surety-Guarantor—Borrower will, if any present endorser, surety, or guarantor, dies or does any act described in covenant 2, either, at Bank's option, pay all of Borrower's Indebtedness or substitute an endorser, surety, or guarantor acceptable to Bank.
15. Purchase Money—Borrower will, if Bank, as indicated herein, gives value to enable Borrower to acquire rights in or the use of Collateral, use such value for such purpose.
16. Married Women—If any Borrower is a married woman, recourse may be had against her separate property for the Indebtedness.

III. REMEDIES: Borrower understands and agrees that in the event that: (a) Any warranty or representation is false or is believed in good faith by Bank to be false; (b) any covenant or agreement is violated; or (c) Bank in good faith deems itself insecure (because the prospect of payment is impaired; the prospect of performance of any covenant or agreement is impaired; or the value or priority of the security interest is impaired), Bank, in addition to any other rights or remedies provided by law or the Agreement, and to the extent permitted by law, may at its option:

1. Expenses—incur expenses (including reasonable attorney's fees, legal expenses and costs) in exercising any right or power under the Agreement.
2. Require Additional Collateral—demand that Borrower provide enough additional Collateral to satisfy the Bank.
3. Performance of Borrower's Obligations by Bank—perform any obligation of Borrower, and may make payments, purchase, contest or compromise any encumbrance, charge or lien, and pay taxes and expenses.
4. Set-Off—exercise all rights of set-off and Banker's lien to the same effect and in the same manner as if no Collateral had been given.
5. Default—declare, without notice to the Borrower, that a default has occurred.
6. Acceleration—declare, without notice to the Borrower, that the entire Indebtedness is immediately due and payable.
7. Possession—if not then in possession of the Collateral, take possession of and protect the Collateral; require the Borrower or other person in possession to assemble the Collateral and make it available to Bank at a reasonably convenient place to be designated by Bank; render the Collateral unusable without removing it; and enter upon such lands and properties where the Collateral might be located.
8. Notice—notify other interested persons or entities of the default, acceleration and other actions of the Bank.
9. Suit, Retention or Disposition of Collateral, Application of Proceeds—sue the Borrower or any other person or entity liable for the Indebtedness; retain the Collateral in satisfaction of the obligation and Indebtedness; dispose of the Collateral; and apply the proceeds of disposition, including provision for reasonable attorneys' fees and legal expenses incurred by Bank; all as provided by law.

IV. RULES TO CONSTRUER AGREEMENT: Borrower understands and agrees that:

1. Time of Essence—Time is of the essence of the Agreement.
2. Waiver—Bank's acceptance of partial or delinquent payments or failure of Bank to exercise any right or remedy shall not be a waiver of any obligation of Borrower or right of Bank nor constitute a modification of the Agreement, nor constitute a waiver of any other similar default subsequently occurring.
3. Entire Agreement—The Agreement contains the entire security agreement between Bank and Borrower.
4. Assignments, etc.—The provisions of the Agreement are hereby made applicable to and shall inure to the benefit of Bank's successors and assigns and bind Borrower's heirs, legatees, devisees, administrators, executors, successors and assigns.
5. Law Governing—Subject to the terms hereof, this Agreement shall be construed and governed by the laws of the State of California.
6. Multiple Borrowers—When more than one Borrower signs the Agreement all agree:
 - a. Construction—that whenever "Borrower" appears in the Agreement it shall be "each Borrower."
 - b. Breach—that breach of any covenant or warranty by any Borrower may, at the Bank's option, be treated as a breach by all Borrowers.
 - c. Liability—that the liability of each Borrower is joint and several and the discharge of any Borrower, for any reason other than full payment, or any extension, forbearance, change of rate of interest, or acceptance, release or substitution of security or any impairment or suspension of Bank's remedies or rights against one Borrower, shall not affect the liability of any other Borrower.
 - d. Waiver—all Borrowers waive the right to require the Bank to proceed against one Borrower before any other or to pursue any other remedy in Bank's power.

TO 1944 CA (8-74)

(Individual)

STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS.

On June 8, 1978 before me, the undersigned, a Notary Public in and for said State, personally appeared Crawford B. Lawton

_____, known to me
to be the person - whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

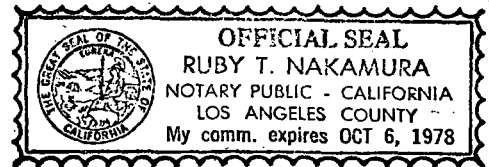
Signature

Ruby T. Nakamura
Ruby T. Nakamura



TITLE INSURANCE
AND TRUST

ATICOR COMPANY



(This area for official notarial seal)

C/B RAILROAD ASSOCIATES 9551
RECORDATION NO. Filed & Recorded

RAILROAD CAR BROKERS JUL 14 1978 - 10 55 AM

INVOICE NO. TA-0011-0

DATE: 4-26-78

INTERSTATE COMMERCE COMMISSION

TERMS: NET CASH

B.
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CRAWFORD B. LAWTON
2159 Caliente Road
Palm Springs, CA 92262

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(Same as Registered
Owner)

GOLDEN STATE SANWA BANK
626 Wilshire Boulevard
Los Angeles, California 90017

(Registered Owner)

OPERATOR	CLASS TYPE	FREIGHT		OWNER ID NO.
LUCX, INC. Marina City Club 4314 Marina City Drive Suite #130 Marina del Rey, CA 90291	DOT 111A100W- 1	<u>Prepay</u> XX	<u>Collect</u>	LUCX NO. 4020

NUMBER	EQUIPMENT DESCRIPTION	Each	Total
One (1)	General service utility, twenty-one thousand gallon rail tankcar, 100 Ton Roller Bearing equipped with 12 lines Interior coils THE ABOVE PRICE INCLUDES PREPAID FREIGHT PLUS \$ 50 CHARGE FOR RECORDING FEE WITH INTERSTATE COMMERCE COMMISSION.	\$38,000	\$38,000

C/B RAILROAD ASSOCIATES
Suite 501
21031 Ventura Boulevard
Woodland Hills, CA 91364
213-703-0555

BORROWER(S) _____	LOAN NUMBER _____	NOTE AMOUNT _____
BRANCH ADDRESS _____	CITY _____	COUNTY _____ CALIFORNIA _____ DATE _____

In consideration of the following described loan granted this day of THE SANWA BANK OF CALIFORNIA, hereinafter called Secured Party, to the above named Borrower(s) hereby agrees to the terms and conditions set forth hereunder and on the reverse side hereof.

For value received, Borrower(s) jointly and severally promise to pay THE SANWA BANK OF CALIFORNIA, or order, at its above Office in this city, the Total of Payments shown below, with monthly payments as indicated below on line (7), except for the final payment which shall be the amount of the then remaining balance owing on this note. Borrower(s) may prepay the indebtedness in full at any time prior to maturity and obtain a partial refund of the FINANCE CHARGE based on the "Rule of 78's" provided, however, that there will be a minimum FINANCE CHARGE of \$25.00; and no refund if the unearned charge is less than \$1.00. IN THE EVENT OF DEFAULT, the remaining balance of the note may, at the option of the holder, be accelerated and declared to be immediately due and payable according to the provisions of paragraph 4 on the reverse side. Should any such default exceed 10 days, Borrower(s) recognizes that Secured Party will incur additional expenses in servicing the loan. To compensate Secured Party for such damages, Borrower(s) hereby agrees to pay a late charge of 5% for each dollar in default (minimum charge of One Dollar (\$1.00)). Diligence, demand, presentation and notice are hereby waived. Borrower(s) agrees to pay attorneys' fees in the event this Note is given to an attorney for collection.

RECORDATION NO. _____ Filed & Recorded

1. CASH PROCEEDS	JUL 14 1978 - 10 55 AM	\$ _____
2. CHARGES TO BE FINANCED:		
a. Life Premium		\$ _____
b. Disability Premium		\$ _____
c. Other	INTERSTATE COMMERCE COMMISSION	\$ _____
d.		\$ _____
e.		\$ _____
TOTAL		\$ _____
3. AMOUNT FINANCED	(1 + 2)	\$ _____
4. FINANCE CHARGE		\$ _____
5. PREPAID FINANCE CHARGES	a. <input type="checkbox"/> Marine or <input checked="" type="checkbox"/> Aircraft Appraisal	\$ _____
	b. Other	\$ _____
(For purposes of computing the Annual Percentage Rate reduce the Amount Financed (Item 3) by Prepaid Finance Charges (Item 5) if any.)		
6. ANNUAL PERCENTAGE RATE	→ 12.50 %	
(Computed on a 365 day basis)		
7. AMOUNT OF REGULAR PAYMENTS	9551	\$ _____
8. NUMBER OF PAYMENTS	RECORDATION NO. _____ Filed & Recorded	
	JUL 14 1978 - 10 55 AM	
9. FIRST PAYMENT DUE		\$ _____
10. FINAL PAYMENT DUE	INTERSTATE COMMERCE COMMISSION	\$ _____
11. TOTAL OF PAYMENTS	(3 + 4) TOTAL	\$ _____
12. OTHER CHARGES (Paid by Borrower and NOT Financed):		
a.		\$ _____
b.		\$ _____
c.		\$ _____

Borrower(s) hereby grant to Secured Party a security interest pursuant to law in the following property hereinafter called collateral. The collateral described in the security agreement shall secure any other indebtedness of Borrower(s) to Secured Party.

Security Interest in collateral (identify): _____

now and to be permanently located in the State of California, together with all equipment, parts, appliances and appurtenances now or hereafter to be placed thereon, all of which shall become a component part thereof and be included under the terms of this agreement, as security for the payment of the obligations specified herein.

NOTICE

To comply with the disclosure requirements of the Truth-in-Lending Act as an arranger for the extension of the credit herein itemized, the same disclosures set forth herein and made by THE SANWA BANK OF CALIFORNIA are adopted as jointly made by:

The Borrower(s) hereby specifically certifies that he has received a copy of this agreement, and that he has read, understands and agrees with the purpose and effect of the agreement including the terms and conditions on the reverse side hereof.

1. SIGNATURE Clayton B. Lantz 2. SIGNATURE _____

CREDIT INSURANCE AUTHORIZATION AND DISBURSEMENT

I/We voluntarily request the following insurance and understand that such insurance is not required as a condition to this credit extension.

Single Credit Life	\$ _____
Premium (for _____ months)	
Joint Credit Life	\$ _____
Premium (for _____ months)	
Credit Disability	\$ _____
Premium (for _____ months)	
TOTAL	\$ _____

(INSERT IN NO. 2-A & OR B ABOVE)

I/We authorize disclosure of the cost of such insurance as shown herein and authorize inclusion of the premiums in the balance payable under this obligation. My/Our age is/are _____ years (and _____ years).

I/We hereby authorize disbursement of these premiums to: _____

Signature _____

Signature _____

☒ I/We do not desire Credit Life or Disability Insurance.

Signature Clayton B. Lantz

Signature _____

PROPERTY & LIABILITY INSURANCE

Any Property Insurance (meaning insurance against loss or damage to the property described) or Liability Insurance (meaning insurance against liability arising out of the ownership or use of the property) to be written in connection with the loan may be obtained by Borrower through any person of his choice. Such insurance may be obtained from or through Bank at the premium indicated below.

INSURANCE COVERAGE	DEDUCTIBLE OR LIMITS	GROSS PREMIUM	TERM IN MONTHS
Fire and Theft ACV			
Comprehensive			
Combined Additional			
Collision			
Bodily Injury			
Property Damage			
TOTAL (Insert in No. C above)			

Signature _____

1. Borrower expressly warrants, represents and agrees that: (a) Except for the security interest granted hereby, Borrower is the owner of the collateral free from any adverse lien, security interest or encumbrance; (b) No financing statement covering the collateral or any proceeds thereof is on file in any public office, and that at the request of Secured Party, Borrower will execute one or more financing statements in form satisfactory to Secured Party, and will pay the cost of filing the same in such public offices as may be deemed necessary or desirable by Secured Party; (c) Borrower will not sell, offer for sale, assign or dispose of all or any part of said collateral; (d) Borrower will pay all taxes and assessments of every nature which may be levied or assessed against the collateral; (e) Borrower will not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the collateral and not permit the same to be attached or replevined by a third party; that he will not use the collateral or any part thereof in violation of any state or federal statute or ordinance; (f) Borrower will not remove the collateral, if a motor vehicle, from this state or remove any other collateral or personal property herein described from the Borrower's address indicated on the credit application without the Secured Party's written consent; (g) Neither loss nor injury to said collateral shall relieve Borrower from his obligation hereunder.

2. During the full period of this agreement, Borrower shall keep collateral fully insured against risks of loss by collision, fire, theft and risks customarily covered by comprehensive insurance. Secured Party is entitled to be named loss payee to the extent of the then unpaid balance under a long form loss payable endorsement in any policy covering these risks and to receive prompt evidence of coverage. On Borrower's failure to procure insurance or to provide evidence of it to Secured Party, Secured Party has the right but not the obligation to procure insurance covering the Bank's interest only (v.s.i.) at Borrower's expense. The premium advanced is payable on demand or if Secured Party consents, shall be added to the balance of said note and secured by this agreement and payable on time and at an interest rate set by Secured Party. Borrower assigns to Secured Party all insurance proceeds, including benefits and refunded premiums for application on Borrower's obligation or for restoration or replacement of collateral. Borrower assumes all risks of damage to, or loss of said collateral whether insured against or not.

3. Borrower shall be in default under this agreement upon the happening of any of the following events or conditions: (a) Breach of any warranty, representation or statement made or furnished Secured Party by or on behalf of Borrower herein or otherwise; (b) Any proceeding under any bankruptcy or insolvency laws, by or against Borrower or any guarantor or surety for Borrower; (c) Default in the performance of any payment, obligation, covenant or liability contained or referred to herein.

4.a. In the event this Promissory Note is secured by real property. Upon default by Trustor in the payment of any indebtedness secured hereby, or in the performance of any agreement hereunder, or upon conveyance by Trustor of said property, or upon the divestment in any manner of his title thereto, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary.

4.b. In the event this Promissory Note is secured by collateral other than real property. Upon default by Borrower, Secured Party may, at its option, without demand, declare the whole amount unpaid hereunder to be immediately due and payable, and Secured Party may, at its option, according to law, immediately take possession of any or all of the collateral. Secured Party may require Borrower to assemble the collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Should Secured Party take possession of said collateral, Secured Party may sell said collateral at public or private sale, without prior demand or performance, which demand is hereby waived, provided not less than ten days written notice of the time and place of any public sale, or of the time on or after which any private sale or disposition is to be made, shall have been given by United States mail, postage prepaid, and in accordance with the provisions of Section 9504(3) of the Uniform Commercial Code. The notice shall also advise the Borrower that the collateral has been repossessed and will be sold unless Borrower shall pay all sums then due within ten days from the date of mailing. Said collateral may be sold upon such terms and in such manner as the Secured Party may in good faith determine, in a reasonable commercial manner, and, subject to the limitations of said Section 9504(3) of the Uniform Commercial Code, Secured Party may become purchaser thereof. Borrower shall be given credit for the actual selling price or the highest bid obtained, whichever is greater. In the event of such sale, Secured Party shall apply the proceeds thereof to the payment of all or any of the obligations hereby secured, and the balance then remaining, if any, to the Borrower. In the event of any deficiency, Borrower agrees to pay the same on demand. Should the aforesaid or any other promissory note and this Security Agreement be signed by more than one person, all of the covenants and obligations herein contained shall be considered joint and several covenants and obligations of each signer hereof.

5. All extensions and renewals of this agreement or any part hereof and any and all costs of litigation, collection costs, including attorney's fees or other costs, expended or incurred in connection with discovering, locating or taking possession of said collateral, and any and all costs of towing, repairing, rehabilitating or storing of said collateral, together with interest at the highest legal rate on any delinquent installments from date of maturity until paid, are all likewise secured hereby.

6. Should Secured Party make any advance for the protection or preservation of its security pursuant to this agreement, or should there become due any collection costs or other obligations arising hereunder, such advance or advances, together with such collection costs, shall be added to the unpaid principal balance owing on this agreement and shall be secured by this agreement, and such advance and collection costs shall all become immediately due and payable with interest at the rate set forth in the note, payable monthly, and Secured Party shall have the right upon receipt of any payment due under the terms of said note and the agreement to apply the same, first to satisfaction of any collection costs or other advances hereunder, second to the satisfaction of any unpaid interest, and or delinquent fees, and third, the balance of said installments in payment of principal, and should there be a deficiency in the amount of any installment or installments after the payment of said costs as herein provided, such deficiency shall be payable forthwith, and the failure on the part of Borrower to pay or satisfy same shall accelerate for immediate payment the entire unpaid balance of this obligation, including all advances made, collection costs and interest accrued, and Secured Party may exercise such right or rights as are reserved to it herein.

7. It is further specifically agreed that the taking of any action by Secured Party shall not be deemed to be an election of that action, but rather, the rights and privileges and options granted to Secured Party under the terms of this agreement shall be deemed cumulative, the one with the other, and not alternative.

8. The parties hereto agree that time is of the essence of this agreement and that the waiver by Secured Party of any default or acceptance by the Secured Party of any payment required hereunder, after the same is due, shall not constitute a waiver of this or any other provision of this agreement or of the same default on a future occasion.

9. The parties hereto agree that Secured Party shall have the right, at its sole discretion, to sell, assign, transfer or otherwise dispose of any part of or all of its right, title, and interest in and to the Security shown on the reverse hereof, or to the Promissory Note contained thereon to any party or parties Secured Party designates. Secured Party is not required to give Borrower any notice of such sale, assignment or transfer at any time prior to, concurrent with, or after said sale, assignment or transfer occurs.

TO 1944 CA (8-74)

(Individual)



STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS.

On June 8, 1978

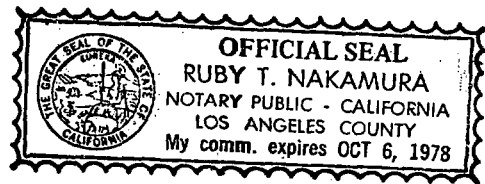
before me, the undersigned, a Notary Public in and for said State, personally appeared Crawford B. Lawton,

_____, known to me
to be the person - whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

Signature

Ruby T. Nakamura
Ruby T. Nakamura



(This area for official notarial seal)